

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03 PA-01  
PRS-01 /089 W

-----117906 290227Z /70

R 281220Z JUL 77  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC 3086

C O N F I D E N T I A L ISLAMABAD 7700

E.O. 11652: GDS  
TAGS: ECON, PK  
SUBJECT: ZIA'S ECONOMIC STATEMENT

REF: ISLAMABAD 7698

1. AS PART OF HIS ADDRESS TO THE NATION JULY 27, C.M.L.A  
ZIA GAVE AN INSIGHT INTO HIS ECONOMIC PHILOSOPHY, AND WHAT  
PASSES FOR ECONOMIC POLICY UNDER THE INTERIM GOVERNMENT.

2. IN KEEPING WITH THE FRANK TONE OF HIS ADDRESS, ZIA DID  
NOT GLOSS OVER THE DIFFICULT ECONOMIC SITUATION. HE BLAMED  
PAKISTAN'S POOR PERFORMANCE ON THE "UNSETTLED CONDITIONS IN  
THE LAST SIX MONTHS", AND DECLARED THAT "IT IS ESSENTIAL  
TO HALT THE DETERIORATION IN THE ECONOMIC SITUATION". WHILE  
LONG ON MORALISM AND EXHORTATION, HE WAS SHORT ON POLICY  
PROPOSALS. HE SUGGESTED FIVE STEPS TO HALT THE ECONOMIC  
SLIDE. REPEATING AN OFT-HEARD THEME, THE FIRST TWO STEPS  
EXHORT WORKERS, FARMERS, AND INDUSTRIALISTS TO WORK HARDER  
AND PRODUCE MORE. THE THIRD STEP ON THE LADDER TO PROS-  
PERITY REQUIRES THE PAYMENT OF TAXES OWING SINCE MARCH 1,  
1977. NO FINE WILL BE IMPOSED FOR THIS LATE FILING. FOURTH,  
ZIA ORDERED THE ARMY TO REDUCE ITS EXPENDITURES BY FIVE  
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PERCENT AND CALLED UPON OTHER GOVERNMENT AND NON-GOVERN-  
MENTAL AGENCIES TO ADOPT SIMILAR AUSTERITY MEASURES.  
FINALLY, ZIA ASKED THE "WELL-TO-DO AND THE CAPITALISTS"  
TO RETURN ANY MONEY THAT THEY HAD TAKEN OUT OF THE  
COUNTRY BECAUSE OF "RECENT UNSETTLED CONDITIONS".  
APPEALING TO PATRIOTIC SPIRITS, ZIA SAID THAT, "WHILE  
THEY LOVE THEIR MONEY, THEY ALSO MUST HAVE LOVE

FOR THEIR HOMELAND". NO QUESTIONS WILL BE ASKED IF THE MONEY IS REPATRIATED BY SEPT 15.

3. ZIA'S ECONOMIC PHILOSOPHY LIKE HIS POLITICAL PHILOSOPHY, IS ROOTED IN MORALISTIC ISLAM. HE SEEMS TO BELIEVE THAT ADOPTING AN ISLAMIC ECONOMY, IN WHICH ALL WOULD VOLUNTARILY DO THEIR FAIR SHARE, WOULD GO FAR TOWARD SOLVING PAKISTAN'S ECONOMIC CRISIS. DURING HIS ADDRESS, ZIA NOTED THAT ISLAM WAS THE FIRST SOCIAL SYSTEM TO RECOGNIZE THE CRUCIAL ROLE OF THE WORKER. LEST THAT SEEM UNFAIR, HOWEVER, ZIA ALSO NOTED THAT, SINCE ISLAM REPRESENTS EVERYONES INTERESTS, IT IS NOT POSSIBLE TO RIDE "ROUGHSHOD" OVER INDUSTRIALISTS. ZIA SEEKS NATURAL HARMONY. HE ALSO CALLED FOR INCREASED PERSONAL SIMPLICITY, CITING THE DESIRE FOR EXPENSIVE WESTERN CLOTHING AS AN EXAMPLE OF MISPLACED PRIORITIES. HE EXPECTED THAT, FROM THIS TIME, NO ONE SHOULD BE ADVERSE TO WEARING NATIONAL DRESS.

4. WHILE ZIA RECOGNIZED THE RUDDERLESS CONDITION OF THE PAKISTAN ECONOMY, THE TENOR OF HIS SPEECH INDICATES THAT IT WILL CONTINUE TO DRIFT UNDER HIS LEADERSHIP. IN KEEPING WITH HIS STATED POLICY THAT HIS GOVERNMENT IS ONLY AN INTERIM ONE AND THAT HE WILL NOT MAKE ANY FUNDAMENTAL POLICY CHANGES, ZIA WILL NEITHER VIGOROUSLY PURSUE THE PLANS OF THE BHUTTO GOVERNMENT, SUCH AS THE EXPANSION OF NATIONALIZED INDUSTRIES, NOR REVERSE THEM.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONTROLS, ECONOMIC PROGRAMS, SPEECHES  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** GS  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 ISLAMABAD 7698  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**SAS ID:** 1720889  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ZIA'S ECONOMIC STATEMENT  
**TAGS:** ECON, PK, (ZIA UL-HAQ, MOHAMMED)  
**To:** STATE  
**Type:** TE  
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